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International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financial report and audited financial statements

for the biennium ended 31 December 2007

and

Report of the Board of Auditors

General Assembly
Official Records
Sixty-third Session
Supplement No. 5K

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Report of the Board of Auditors

United Nations • New York, 2008

Note

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Letters of transmittal

31 March 2008

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and December 1994 for the biennium ended 31 December 2007, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **Ban** Ki-moon

The Chairman of the United Nations Board of Auditors
United Nations
New York

30 June 2008

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2007.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
Chairman, United Nations Board of Auditors

The President of the General Assembly
United Nations
New York

Chapter I

Financial report for the biennium ended 31 December 2007

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium 2006-2007. The accounts consist of four statements, the related notes and supplementary information contained in the annex to the present chapter.

2. The present report is designed to be read in conjunction with the financial statements. Attached hereto is an annex, which includes technical information that is required by the Financial Regulations and Rules to be reported to the Board of Auditors.

B. Overview

3. The total income for the biennium increased by 7 per cent from $262.4 million to $281.2 million, mainly owing to an increase in contributions.

4. The budget of the Tribunal for the biennium 2006-2007 totalled $279.5 million, as appropriated by the General Assembly in its resolutions 60/241, 61/241 and 62/229. Against this amount, actual expenditure for the biennium amounted to $276.4 million, leaving an unencumbered balance of $3.1 million. The 2006-2007 total expenditure of $276.4 million represented an increase of 9 per cent over the total expenditure of $252.5 million in the biennium 2004-2005.

5. The following table shows the amount of expenditure by functional category:

(Thousands of United States dollars)

Functional category	*2006-2007*	*2004-2005*
Staff and other personnel costs	218 749	206 949
Travel	12 923	9 242
Contractual services	24 438	17 631
Operating expenses	12 767	12 409
Acquisitions	5 085	4 376
Other	2 471	1 927
Total	**276 433**	**252 534**

6. The following table shows expenditure by functional category as a percentage of the total:

(Percentage of total expenditure)

Functional category	*2006-2007*	*2004-2005*
Staff and other personnel costs	79.1	81.9
Travel	4.7	3.7
Contractual services	8.8	7.0
Operating expenses	4.6	4.9
Acquisitions	1.8	1.7
Other	0.9	0.8
Total	**100.0**	**100.0**

7. The overall cash position of the Tribunal as at 31 December 2007 was $20.3 million, compared to $12.8 million as at the end of the previous biennium. The change is mainly due to excess of income over expenditure, and savings on cancellation of prior-period obligations. As at 31 December 2007, unpaid assessments totalled $15.0 million, an increase of 32 per cent compared to the amount of $11.4 million that was outstanding as at 31 December 2005.

8. Effective this biennium, the Tribunal has reflected in its statement of assets, liabilities, and reserves and fund balances the accrued liabilities for after-service health insurance of $27.5 million, for unused vacation days of $11.1 million, for repatriation benefits of $13.6 million and for judges' pension benefits of $12.9 million. As a result, it has reduced its reserves and fund balances by $65.1 million, resulting in a net deficit of $38.5 million as at 31 December 2007.

Annex

Supplementary information

1. The present annex contains supplementary information that the Secretary-General is required to report.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, receivables amounting to $48,679 were written off during the biennium 2006-2007. A summary statement of losses was provided to the Board of Auditors in compliance with the provisions of financial rule 106.8.

Write-off of losses of property

3. In accordance with financial rule 106.9, property losses amounting to $223,278 were written off during the biennium 2006-2007. The losses are based on the original cost of the property and include write-offs arising from shortfalls, theft, damage and accidents. The write-offs bring the recorded balances of the property to the same levels as those shown in the property records for the actual quantities on hand. A summary statement showing the inventory values of non-expendable equipment as well as property write-offs was provided to the Board in accordance with financial rule 106.9.

Ex gratia payments

4. There were no ex gratia payments during the biennium 2006-2007.

Chapter II
Report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (the International Criminal Tribunal for Rwanda or the Tribunal) for the biennium ended 31 December 2007. The audit was carried out through a review of the financial transactions and operations of the Tribunal in Arusha, Tanzania.

The Board also addressed special requests made by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the General Assembly.

The Board issued a modified audit opinion, with an emphasis of matter, on the financial statements for the period under review, as reflected in chapter III. The emphasis of matter relates to the deficit of $38.48 million in the Tribunal's reserves and fund balances. In view of the Tribunal's impending closure in 2010, the Board is concerned about the need to identify the funding sources to be used in the payment of the separation benefits of employees.

Coordination with internal audit

The Board coordinated with the Office of Internal Oversight Services in the planning of the audit in order to avoid duplication of effort. In addition, the Board reviewed the internal audit coverage of the operations of the International Criminal Tribunal for Rwanda to assess the extent to which reliance could be placed on the work of the Office of Internal Oversight Services.

Follow-up of previous recommendations

In response to the request of ACABQ and in line with paragraph 7 of General Assembly resolution 59/264 A, the Board evaluated the ageing of its previous recommendations that had not yet been fully implemented and indicated the financial periods in which such recommendations were first made. Of the 33 recommendations contained in the Board's report for the biennium ended 31 December 2005, 21 were fully implemented, 10 were partially implemented and two recommendations were not implemented.

Overall financial overview

As at 31 December 2007, the Tribunal's cash over total assets ratio was 0.49:1; as at 31 December 2005, it was 0.36:1. While there was an improvement in the cash over total assets ratio, there was a substantial decline in the cash over total liabilities ratio from 0.74:1 in the previous biennium to 0.25:1 in the current biennium. In addition, the unliquidated obligations over total liabilities ratio went down from 0.90:1 in the biennium 2004-2005 to 0.17:1 in the current biennium.

Had the end-of-service liabilities amounting to $65.10 million not been recognized on the face of the financial statements, the ratio of cash over total liabilities would have been 1.34:1 (instead of 0.25:1) while the unliquidated obligations over total liabilities ratio would have been 0.89:1 (instead of 0.17:1).

Statement of income and expenditure

Total income for the period under review amounted to $281.20 million while total expenditure amounted to $276.43 million, giving a surplus of $4.77 million. Compared with the surplus of $9.82 million in the previous biennium, there was a decrease of $5.05 million in the current biennium.

Statement of assets, liabilities, and reserves and fund balances

The total assets of the Tribunal amounted to $41.76 million compared with $35.37 million in the preceding biennium, an increase of $6.39 million or 18 per cent. Total liabilities were $80.24 million compared with $17.36 million in the preceding biennium, a significant increase of 362 per cent, attributable mainly to the initial recognition of end-of-service liabilities.

For the period under review, reserves and fund balances had a negative balance of $38.48 million. Again, this was due to the recognition of end-of-service liabilities.

Statement of cash flows

The Tribunal's cash and term deposits account amounted to only $1.12 million as at the end of the biennium under review, compared with $2.16 million in the preceding biennium, a decrease of $1.04 million or 48 per cent. However, the cash pool account was not included in its statement of cash flows.

End-of-service liabilities, including after-service health insurance

All obligations relating to end-of-service liabilities, including those relating to after-service health insurance are now included on the face of the financial statements pursuant to General Assembly resolution 61/264. The financial statements for the period under review reflected end-of-service liabilities of $65.10 million. Of this amount, $27.49 million represented after-service health insurance, $11.16 million pertained to unused vacation leave credits, $13.56 million represented repatriation benefits and $12.89 million was for judges' pensions.

Progress towards the implementation of the International Public Sector Accounting Standards/Enterprise Resource Planning system

The Board has not reviewed the implementation of the International Public Sector Accounting Standards and the proposed enterprise resource planning system by the Tribunal, since its mandate is scheduled to end in 2010.

Results-based budgeting

The Tribunal's budgets for the bienniums 2006-2007 and 2008-2009, contained in General Assembly resolutions 60/265 and 62/468, respectively, disclosed that the expected outputs for the Chambers at the activity levels were not expressed in quantifiable/measurable terms. Moreover, neither the objectives nor the performance indicators/measures/criteria were clearly defined.

Human resources management

At the end of the biennium 2006-2007, the Tribunal had 164 vacant posts out of the 1,042 authorized posts, representing a vacancy rate of 16 per cent, an increase of 5 per cent over that for the previous biennium.

As viewed from the field personnel management system performance reports module, where only 610 staff members were included, there were 385 staff members who were without performance evaluation reports for the performance cycle from 1 April 2006 to 31 March 2007. On the other hand, the latest performance evaluation reports of the other 225 staff were dated 2002.

Programme and project management

In accordance with the recommendation of the Board in paragraph 41 of its report for the biennium 2004-2005 (A/61/5/Add.11 and Corr.1), the Tribunal identified possible constraints that might negatively affect the completion of its mandate by 2010 and set up several strategies to address them, including: (a) increasing the pace at which the Trial Chambers deal with their workload; (b) ensuring a continuous flow of witnesses; and (c) modifying team structures to suit the workloads of trial teams.

In addition, the Tribunal identified legacy and residual issues as well as strategies to tackle them. These strategies included: (a) close partnership with the International Criminal Tribunal for the Former Yugoslavia; (b) sensitization of the Security Council; (c) internal preparedness (establishment of a legacy committee); and (d) ensuring the required international archival standard and obtaining resources for that purpose from Member States.

The actual performance of the Chambers and the Registry vis-à-vis their expected/targeted outputs for the biennium 2006-2007 could not be properly evaluated by the Board as data were not updated to 31 December 2007.

Internal audit function

The Board evaluated the effectiveness of the internal audit function and noted that the planned audit activities for the biennium 2006-2007 were all accomplished. Based on the manner in which the Office of Internal Oversight Services set out its objectives, approaches and methodologies, the Board was confident of the adequacy thereof and thus placed reliance on the work of the Office.

Internal audit findings

The overall conclusion of the Office of Internal Oversight Services on the financial management of the Tribunal was that it was in compliance with the Financial Regulations and Rules of the United Nations. In the audit of recruitment, the Office was concerned about inconsistency at the Human Resource and Planning Section in the selection of candidates at the 15-, 30- and 60-day marks during and after the recruitment freeze, as that could have resulted in the exclusion of suitable candidates. With regard to property management, the Office of Internal Oversight Services noted that insufficient attention was paid to ensuring the accuracy and completeness of data in the asset database and that internal controls needed to be strengthened, especially in the area of accountability. Insofar as the special operations cash fund was concerned, the Office observed that, while the financial

management of the special operations cash fund had significantly improved following the recruitment of a financial reviewer, the current guidelines needed to be updated to incorporate some of the best practices of the Tribunal's Kigali office. The comments of the Tribunal on the findings and recommendations of the Office of Internal Oversight Services are reflected in the body of the report.

Of the total of 54 recommendations made by the Office of Internal Oversight Services in the five areas audited, 37 (69 per cent) had been implemented, one (2 per cent) had been partially implemented and 16 (29 per cent) had not yet been implemented.

Write-offs and disposals

The Tribunal informed the Board that, in accordance with financial rule 106.9, property losses of $223,278 arising from shortfalls, accident, theft, damage or destruction had been approved for write-off during the biennium 2006-2007.

The Tribunal also advised the Board that, pursuant to financial rule 106.8 (a), receivables in the amount of $48,679 had been approved for write-off, comprising $15,534 in receivables from separated staff members and $33,145 from parties other than staff members.

Cases of fraud and presumptive fraud

In 2005, 18 fuel coupons worth approximately $300 were reported missing at the Tribunal's Kigali Transport Unit in Rwanda. The security investigation report indicated that a staff member had been found in possession of at least three of the missing coupons. The case was acted upon by the Tribunal with the issuance of letters of reprimand to the two staff members involved.

Recommendations

The Board has made several recommendations based on its audit. The main recommendations are set out in paragraph 8 of the present report.

A. Introduction

1. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 and has reviewed its operations for the financial period from 1 January 2006 to 31 December 2007 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the International Criminal Tribunal for Rwanda as at 31 December 2007 and the results of its operations and cash flows for the financial period then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit also included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the Tribunal's operations under financial regulation 7.5. This requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the operations of the Tribunal. The General Assembly had also requested the Board to follow up on previous recommendations and to report on it accordingly. Those matters are addressed in paragraphs 10 to 21 below.

4. In the present report, the Board addresses the specific request by the Advisory Committee on Administrative and Budgetary Questions (A/59/736, para. 8) to evaluate the ageing of the previous biennium's recommendations that were partially or not yet implemented.

5. The Board periodically reported the results of its audit to the Administration through the issuance of a management letter containing detailed observations and recommendations. This practice allowed for ongoing dialogue with the Administration.

6. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and

conclusions were discussed with the Administration, whose views have been appropriately reflected in the report.

2. Coordination with internal audit

7. The Board continued to coordinate with the Office of Internal Oversight Services in the planning of its audits in order to avoid duplication of efforts and to determine the extent of reliance that could be placed on its work.

3. Main recommendations

8. The Board's main recommendations are that the International Criminal Tribunal for Rwanda:

(a) **Reconsider the disclosure of the statement of cash flows to include its share in the cash pool (para. 31);**

(b) **Develop a financing plan in order to settle end-of-service liabilities relating to staff members at the time of the closure of its operations (para. 43);**

(c) **Define clearly the objectives of the Chambers and develop specific, measurable, attainable, realistic and time-bound expected outputs/performance indicators (para. 48);**

(d) **Revisit its targets/objectives and its performance indicators, particularly for the Office of the Prosecutor, to ensure that any risks/constraints that might hinder the accomplishment of objectives can be properly addressed (para. 87).**

9. The Board's other recommendations appear in paragraphs 53, 67, 72 and 84. These recommendations do not address sanctions or disciplinary steps which the Administration might wish to impose on defaulting officials for consistent failure to ensure compliance with the Financial Regulations and Rules of the United Nations, administrative instructions and other related directives.

B. Detailed findings and recommendations

1. Follow-up of previous recommendations

10. In accordance with section A, paragraph 7 of General Assembly resolution 51/225 of 3 April 1997, the Board reviewed the actions taken by the International Criminal Tribunal for Rwanda to implement the recommendations made in its report for the biennium ended 31 December 2005 (A/61/5/Add.11 and Corr.1).

11. Of the 33 recommendations that were made, 21 were fully implemented, 10 were partially implemented and two were not implemented. The details are shown in the annex to the present chapter.

Recommendations partially implemented

12. Insofar as the recommendation for the implementation of a results-based budgeting framework and a more stringent central monitoring mechanism is concerned, the Board noted that the expected outputs of the Chambers, as included in the budget for the biennium 2006-2007, were not expressed in measurable and/or quantifiable terms, and objectives and performance measures were not clearly

specified. This is discussed in more detail in paragraphs 46 to 48 of the present chapter.

13. The Board noted, from the evaluation of the files of four newly registered vendors, that none of the four met the minimum criteria outlined in the United Nations Procurement Manual. Details of this are discussed in paragraphs 49 to 58 below. The Tribunal commented that action had been taken by the Procurement Section to address the issue. As the Tribunal's comment was received after the audit field work, the Board will validate the action taken in the next audit.

14. In paragraph 115 of its previous report, the Board recommended that the Tribunal take steps to use general temporary assistance funds in accordance with the purposes for which they were intended, in view of its observation that the Tribunal continued utilizing the services of personnel under general temporary assistance for extended periods. There were also instances where staff members listed as general temporary assistance personnel occupied posts on the approved staffing table. The Board recognized that some of the positions might need to be filled for an extended period. Thus, the Board, in paragraph 116 of its previous report, also recommended that such positions should be identified and reclassified accordingly.

15. The Tribunal explained that some staff members who were initially recruited against general temporary assistance funds were gradually placed against authorized posts in line with the established staffing selection system and subject to availability of posts, qualifications and satisfactory performance. The general temporary assistance committee established by the Tribunal to evaluate the use and engagement of staff under general temporary assistance, identified functions which were of a continuing nature. However, owing to the inability of the Tribunal to obtain additional posts and financial resources, the Tribunal was unable to implement the Board's recommendation fully, although it has continued exerting efforts to regularize other eligible and qualified general temporary assistance personnel whenever vacancies against regular posts arise.

16. The Tribunal further clarified that placing personnel against approved posts was only a temporary measure pending completion of the recruitment process in order to ensure that the level of services and support provided to the Chambers and the Office of the Prosecutor was sustained and, thus, to avoid any negative impact on or costly disruption of the ongoing judicial proceedings.

17. On the reduction of vacancy rates, the Tribunal explained that it had undertaken intensive recruitment efforts. However, the gains achieved in 2005 and 2006 had been eroded by the continuing departure of staff in the biennium 2006-2007 in the light of the uncertainty regarding the Tribunal's future, given that its mandate was planned to end in 2010. For related discussion on this issue, see paragraphs 68 to 72 below.

18. With regard to the availability of reporting tools within e-PAS (the electronic performance appraisal system), the Tribunal informed the Board that it had discussed those reporting tools with the Office of Human Resources Management. However, in view of the forthcoming replacement of the Integrated Management Information System (IMIS) with Business Process Reengineering and the development of Enterprise Resource Planning (ERP), which would include the reporting capability of e-PAS, the envisaged new form of reporting could not as yet be expected as it could only be done within that framework. Nonetheless, the

Tribunal continued to receive status reports in the form of a spreadsheet from the Office of Human Resources Management.

Recommendations not implemented

19. In reference to its recommendation that the Tribunal regularly update the basis of the Field Personnel Management System (FPMS), the Board noted that the latest performance evaluation report in FPMS was issued in 2002. This is expounded in paragraphs 61 to 67 of the present chapter.

20. The development and approval of a fraud prevention strategy had yet to be implemented. The Tribunal clarified that a comprehensive United Nations policy was under review and, with a view to implementing it, the Tribunal was closely following its development at other United Nations offices. The Tribunal added that it was a new management policy with which it had no or limited experience and therefore would take time to implement.

Ageing of previous recommendations

21. The Board also evaluated the ageing of the previous biennium's 12 recommendations that were partially or not yet implemented, as requested by the Advisory Committee on Administrative and Budgetary Questions (A/59/736, para. 8). Seven of those recommendations pertain to the biennium 2004-2005, four to the biennium 2002-2003 and one recommendation to the biennium 2000-2001. Details are provided in the annex to the present chapter.

2. Overall financial overview

Key financial ratios

22. The Board performed an analysis of the financial position of the International Criminal Tribunal for Rwanda as at 31 December 2007. The results of some key financial indicators are set out in table 1.

Table 1
Ratios of key financial indicators (including end-of-service liabilities)

	Biennium ended 31 December		
Ratio	*2005*	*2007*	*Component of 2007 ratio*[a]
Assessed contributions outstanding/total assets[b]	0.32	0.36	15.0/41.8
Cash/total assets[c]	0.36	0.49	20.3/41.8
Cash/total liabilities[d]	0.74	0.25	20.3/80.2
Unliquidated obligations/total liabilities[e]	0.90	0.17	13.5/80.2
End-of-service and post-retirement benefits/total liabilities	—	0.81	65.1/80.2

[a] In millions of United States dollars.
[b] A low indicator depicts a healthy financial position.
[c] A high indicator depicts a healthy financial position.
[d] A low indicator is a reflection that insufficient cash is available to settle debts.
[e] A low indicator is a positive reflection that obligations are being liquidated.

23. As indicated, the Tribunal's cash over total assets ratio was 0.49:1; as at 31 December 2005, it was 0.36:1. While there was an improvement in the cash to total assets ratio, there was a substantial decline in the cash to total liabilities ratio from 0.74:1 in the previous biennium to 0.25:1 in the current biennium. This meant that only 25 cents of cash was available for every dollar of liability. In addition, the unliquidated obligations over total liabilities ratio went down from 0.90:1 in the biennium 2004-2005 to 0.17:1 in the current biennium.

24. Had the end-of-service liabilities amounting to $65.10 million not been recognized on the face of the financial statements, the ratio of cash to total liabilities would have been 1.34:1 (instead of 0.25:1) while the unliquidated obligations to total liabilities ratio would have been 0.89:1 (instead of 0.17:1).

3. Statement of income and expenditure

25. Total income for the period under review amounted to $281.20 million while total expenditure amounted to $276.43 million, giving a surplus of $4.77 million. Compared to the surplus of $9.82 million in the previous biennium, there was a decrease of $5.05 million in the current biennium. Expenditure, on the other hand, increased by $23.90 million, from $252.53 million in the previous biennium to $276.43 in the biennium under review.

26. While income exceeded expenditure, a deficit of $4.42 million was incurred after non-budgeted accrued expenses for end-of-service liabilities and prior-period adjustments totalling $9.19 million were taken into consideration.

4. Statement of assets, liabilities, and reserves and fund balances

27. The total assets of the Tribunal amounted to $41.76 million compared with $35.37 million in the preceding biennium, an increase of $6.39 million or 18 per cent. Total liabilities were $80.24 million compared with $17.36 million in the preceding biennium, an increase of 362 per cent. Reserves and fund balances had a negative balance (deficit) of $38.48 million as at the end of the biennium. The significant increase in liabilities and the negative reserves and fund balances were mainly due to the first-time recognition of end-of-service liabilities totalling $65.10 million on the face of the financial statements. The Board is concerned about the deficit in view of the planned closure of the Tribunal in 2010.

5. Statement of cash flows

28. The Tribunal's cash and term deposits account amounted to only $1.12 million as at the end of the biennium under review, compared with $2.16 million in the preceding biennium, a decrease of $1.04 million or 48 per cent. On the other hand, the cash pool account amounted to $19.20 million as at the end of the biennium under review compared with $10.62 million in the preceding biennium, an increase of $8.58 million or 81 per cent.

29. As reported in the statement of assets, liabilities and reserves and fund balances as at 31 December 2007 (statement II), the Tribunal's cash pool balance of $19.20 million was composed of the following: (a) cash and term deposits of $6.81 million, (b) short-term investments of $3.82 million, (c) long-term investments of $8.46 million and (d) accrued interest receivable of $0.11 million.

30. In the statement of cash flows for the biennium ended 31 December 2007 (statement III), however, its share in the United Nations Headquarters cash pool was not considered in the determination of the cash balance as at biennium-end. The Board is of the view that cash and term deposits as well as short-term investments are in the nature of cash and cash equivalents, and hence should have been reflected as such in the statement of cash flows.

31. **The Board recommends that the Tribunal reconsider the disclosure of the statement of cash flows to include its share in the cash pool.**

6. End-of-service liabilities, including after-service health insurance

32. In relation to the financial reporting of end-of-service liabilities, in accordance with General Assembly resolution 61/264, the Administration changed the presentation of end-of-service liabilities this year from disclosure in the notes to the financial statements to accounting and presentation on the face of the financial statements.

33. The financial statements for the period under review reflected end-of-service liabilities amounting to $65.10 million. Details are shown in table 2.

Table 2
Accrued liabilities for end-of-service and post-retirement benefits as at 31 December 2007

Category	*Amount (in millions of dollars)*
After-service health insurance	27.49
Unused vacation days	11.16
Repatriation benefits	13.56
Judges' pensions	12.89
Total	**65.10**

34. The determination of the Tribunal's liability for after-service health insurance was based on an actuarial valuation conducted by a consulting actuary. The judges' pensions were, likewise, based on an actuarial valuation conducted by the same consulting actuary.

35. The liabilities for accrued annual leave were calculated based on the actual accrued annual leave balances as at 31 December 2007 generated from the on-line attendance records database maintained and monitored by the Human Resources and Planning Section. A mean average salary for each level had been applied to these leave balances to arrive at the monetary value.

36. Repatriation benefits were calculated based on the IMIS database, using the number of years of service completed.

37. The Board validated the end-of-service liabilities, relying on the actuarial valuation done by the consulting actuary and the Board's own procedures. Based on these procedures, the Board found that the amount of end-of-service liabilities was fairly presented in the books.

38. As at 31 December 2005, the accrued liability for after-service health insurance as disclosed in note 7 to the financial statements in the previous report (A/61/5/Add.11) was $24.69 million, thus, there was an increase of $2.80 million as against the balance as at 31 December 2007 of $27.49 million.

39. The total liabilities for unused vacation days and accrued repatriation benefits in the current biennium was $11.16 million and $13.56 million, respectively, while in the previous biennium, the amounts disclosed in the notes to the financial statements were $10.60 million and $7.90 million, an increase of $0.56 million and $5.66 million, respectively.

40. The accrued liability for judges' pension benefits was not provided in the 2005 accounts. Actual payments were charged against current expenditure. As at 31 December 2007, the accrued liability for judges' pensions was estimated at $12.89 million.

41. Owing to the recognition of end-of-service liabilities in the books of accounts without the corresponding funding, the reserves and fund balances as at 31 December 2007 showed a deficit of $38.48 million. No provision was made for any of the end-of-service and post-retirement benefits totalling $65.10 million.

42. In view of the completion strategy and the time frames stipulated in Security Council resolutions 1503 (2003) and 1534 (2004), the gradual elimination of 143 posts would commence on 1 January 2009 and of 146 posts on 1 July 2009; the remaining posts were expected to be eliminated by 2010.

43. **The Board recommends that the Tribunal develop a financing plan in order to settle end-of-service liabilities relating to staff members at the time of the closure of its operations.**

7. Progress towards the implementation of IPSAS and the Enterprise Resource Planning system

44. The General Assembly, in its resolution 60/283, approved the adoption of IPSAS across the United Nations system. Considering that the financial statements of the Tribunal are prepared by United Nations Headquarters and considering further that the mandate of the Tribunal will end in 2010, the Board has not reviewed the implementation of IPSAS and the Enterprise Resource Planning system.

8. Results-based budgeting

45. Results-based budgeting uses a logical framework that provides the basis for the formulation of the budget and performance measurement. It requires the identification of a limited number of performance indicators against which results are measured. Performance indicators are not only useful for measuring whether or not results have been achieved but also for providing feedback to programme managers to enable them to improve programme design, to better meet the needs of end-users and to manage more strategically.

Performance indicators

46. In the review of the Tribunal's budgets for the bienniums 2006-2007 and 2008-2009, as contained in General Assembly resolutions 60/241 and 62/229, respectively, the Board noted that the expected outputs for the Chambers, at the

activity level, were not expressed in quantifiable/measurable terms. In addition, neither the objectives nor the performance indicators were clearly defined.

47. Such limitations would be a hindrance to a proper evaluation by the Tribunal itself as well as by the Board of the Chambers' accomplishments vis-à-vis the performance targets/expected outputs.

48. **The Board recommends that the Tribunal define clearly the objectives of the Chambers and develop specific, measurable, attainable, realistic and time-bound expected outputs/performance indicators.**

9. Procurement management

Registration of vendors

49. The United Nations Procurement Manual, in paragraph 7.11.4, directs procurement personnel to record and maintain all information received in the vendor's file, even though the information received might not warrant action at the time of receipt.

50. Upon verification of the files of four newly registered vendors (vendor Nos. ICTR-0633, ICTR-0655, ICTR-0690 and ICTR-0706) for the years 2006 and 2007 to determine compliance with the minimum requirements for registration, the Board noted that those vendors were registered in the Tribunal's database as active vendors. That status allowed them to receive solicitation documents for the provision of goods and services to the Tribunal.

51. Upon further evaluation, the Board observed that none of the four vendors met the minimum criteria for registration.

52. Pursuant to paragraph 7.7.4 of the Procurement Manual, an applicant who fails to establish the minimum standards must be disqualified and shall be issued a notice of disqualification.

53. **The Board recommends that the Tribunal ensure that all of its suppliers have complete records/information on file, as required by paragraphs 7.11.4 and 7.7.4 of the Procurement Manual, to guarantee that only qualified vendors are called upon to provide required goods and services.**

54. The Tribunal explained that vendors Nos. ICTR-0633, 0690 and 0706 were temporarily registered for low-value bidding purposes only and that no purchase orders had been placed with them. With regard to vendor No. ICTR-0655, two low-value purchase orders worth $717 and $934 had been placed with this vendor. The Tribunal contended that, owing to the low purchase order value of less than $10,000, the minimum registration requirements set out in paragraph 7.7.2 of the Procurement Manual applied.

55. The Board noted that paragraph 7.7.2 of the Procurement Manual provided that, for orders below $10,000, upon registration, the vendor file and the computerized system should indicate that a vendor was registered to do business with the United Nations, but only for the placement of orders or the issuance of contracts below that amount.

56. Upon verification of the files of the vendors in question, the Board also noted that the "registration limits set" sections on the evaluation forms had not been completed by the Tribunal. Further verification in the Mercury database, the

requisitioning system of the Tribunal, also showed that the information regarding the limitation on the value of placement orders that vendors were authorized to contract had not been provided.

57. Granted that the vendors concerned were awarded purchase orders below $10,000, the requirement to complete the "registration limits set" sections on the evaluation forms should have been met.

58. The Procurement Section agreed with the Board's recommendation that only qualified vendors should be called upon to participate in biddings and that the vendor files had to be completed. The Procurement Section was in the process of establishing a new registration system whereby a vendor who was requested to submit a bid must provide a completed vendor registration form with the necessary attachments when submitting a bid.

Arbitration case

59. In 1997, the Tribunal entered into a lease agreement for the renting of a communications compound in Kigali at the initial monthly rent of $3,000, which was later increased to $5,000 per month. When the Tribunal issued notice to terminate the lease in 2000, the lessor refused to take the keys, expressing dissatisfaction at the quality of repairs which he required, and submitted a claim amounting to $100,000 plus damages. The Tribunal offered instead $25,000, representing rent from March to August 2001. Unable to resolve the matter amicably, the lessor brought the matter to arbitration.

60. The last letter sent by the Office of Legal Affairs to the lessor was in May 2005, but there was no response from the lessor. As at April 2008, the case was still pending with the Office of Legal Affairs.

10. Human resources management

Preparation of performance evaluation reports

61. Administrative instruction ST/AI/2002/3 requires the preparation of a performance evaluation report for a given period when a staff member takes up new duties upon recruitment or transfer, or upon separation from service. Moreover, the administrative instruction establishes that the basis for the decision to award or withhold a salary increment on the basis of performance shall be the record of performance of the staff member as documented by the performance appraisal system.

62. Except as provided in sections 3.2 to 3.4 of the above-mentioned administrative instruction, the performance cycle shall be annual and shall begin on 1 April of each year in order to promote consistency of approach to facilitate reporting.

63. Using the field personnel management system performance reports module, the Board viewed the performance reports of 610 regular staff. Although the information contained in the module was incomplete since some staff were not included therein, the Board noted that 385 staff members were without performance evaluation reports for the performance cycle 1 April 2006-31 March 2007, while the latest performance evaluation reports of the other 225 had been issued in 2002.

64. Considering that separation procedures and processing of final entitlements of officials acting as first reporting officers (immediate supervisors) might be delayed until the appraisals for which they are responsible are completed, it becomes necessary to update staff members' performance reports as the closure of the Tribunal draws near.

65. The Board is concerned that the mobility within the United Nations of staff members might, likewise, be affected by the non-preparation of performance reports.

66. There might also be inadequate basis for the decision to award or withhold a salary increment without the record of performance as documented by the performance appraisal system.

67. **The ICTR agreed with the Board's recommendation that it monitor compliance with the requirement for the preparation of performance evaluation reports in accordance with administrative instruction ST/AI/2002/3.**

Vacancy rates and lead time for the recruitment process

68. At the end of the biennium 2006-2007, the Tribunal had 164 vacant posts out of the 1,042 authorized posts, representing a vacancy rate of 16 per cent, an increase of 5 per cent over the previous biennium's 11 per cent. The details are shown in table 3.

Table 3
Vacancy rates as at 31 December 2007

Organizational unit	*Total*	*Incumbency*	*No. of vacancies*
Office of the Prosecutor (OTP)	10	9	1
OTP, Information Division	21	17	4
OTP, Prosecution Division	88	74	14
OTP, Investigation Division	45	32	13
OTP, Appeals and Legal Advisory Division	49	34	15
Office of the Registrar	32	29	3
Office of the Registrar, Judicial and Legal Services Division	419	371	48
Office of the Registrar, Division of Administrative Support Services	292	247	45
Administrative Support Services, Kigali	86	65	21
Total	**1 042**	**878**	**164**
Percentage	**100**	**84**	**16**

69. The Board observed that it would take about 120 days to fill a vacancy and that excluded the period in which programme managers evaluated and selected the candidate. The Board is concerned that the inability of the Tribunal to address the situation, especially with regard to critical posts, might result in undue pressure

being placed on existing staff, leading to high staff turnover and thereby affecting operational efficiency.

70. The Tribunal informed the Board that the previous year, the Office of Human Resources Management at United Nations Headquarters had granted to the Tribunal's Human Resources and Planning Section the exceptional use of a roster for the recruitment and selection of candidates and authorization to advertise a vacant post for one week on an internal basis. That new policy and the training programme for key personnel had expedited the recruitment procedures.

71. The Tribunal further explained that authority had been given to the Tribunal to retain in service staff members who had reached the normal age of retirement (granting them an extension of up to one year — renewable every year but not to exceed three years). That measure had assisted in maintaining post incumbency and reducing the vacancy rate. Intensive recruitment efforts had been implemented by the Tribunal. However, the gains achieved in 2005 and 2006 were being eroded by the continuing departure of staff in the biennium 2006-2007 in the light of the uncertainty regarding the Tribunal's future as it drew closer to implementation of its completion strategy. Therefore, employment targets could not be maintained in the current biennium.

72. **The Board recommends that the Tribunal continue to formulate and implement more effective strategies to fill vacancies, such as regularly evaluating the performance of staff members initially recruited against general temporary assistance funds and placing them against authorized posts.**

11. Programme and project management

Completion strategy

73. The Security Council, in its resolution 1503 (2003), called upon the Tribunal to take all possible measures to complete investigations by the end of 2004, to complete all trial activities at first instance by the end of 2008 and to complete all work by 2010 (the completion strategy). The Council again emphasized the importance of fully implementing the completion strategy of the Tribunal in its resolution 1534 (2004).

74. In paragraph 41 of its report for the biennium 2004-2005 (A/61/5/Add.11 and Corr.1), the Board recommended that the Tribunal identify all possible constraints that might negatively affect the completion of its mandate by 2010, and implement an action plan to address them.

75. The Board was informed that among the identified constraints were the following: (a) limited judicial capacity and courtrooms; (b) delays due to requests for additional time for cross-examination and illness of counsels and judges; (c) congestion of schedules of trial chambers; (d) need for full cooperation with States in the arrest of fugitives; and (e) delay in the rendering of decisions on applications related to rule 11 of the Tribunal's Rules of Procedure and Evidence, and pertaining to the transfer of cases of indictees to national jurisdictions, mainly to that of Rwanda.

76. To address the aforementioned constraints, the Tribunal reported that it had put in place the following strategies, among others: (a) increasing the pace at which the Trial Chambers dealt with their workload; (b) ensuring a continuous flow of

witnesses; (c) modifying team structures to suit the workloads of trial teams; (d) prioritizing indicted fugitives and focusing on the arrest of top priority ones; and (e) referring cases to national jurisdictions.

Legacy issues

77. The International Criminal Tribunal for Rwanda was created by the Security Council upon the request of the Government of Rwanda (see S/1994/1115) to establish an international tribunal for the sole purpose of prosecuting persons responsible for genocide and other serious violations of international humanitarian law committed in the territory of Rwanda and Rwandan citizens responsible for the genocide and other such violations committed in the territory of neighbouring States between 1 January 1994 and 31 December 1994.

78. Pertinent to this objective, two legacy issues were identified by the Tribunal: (a) the rendition of justice; and (b) the lasting impact and contributions to various endeavours in Rwanda, the Great Lakes region and the world as a whole. In summary, the Tribunal hopes that the prosecution of persons responsible for the aforementioned crimes would contribute to the process of national reconciliation and to the restoration and maintenance of peace in Rwanda and in the region.

Residual issues

79. The impending closure of the Tribunal in 2010 brought to the fore residual issues with which the Tribunal had to contend. As identified by the Tribunal, those issues were: (a) trial of fugitives; (b) review of earlier judgments; (c) revocation of referrals of cases to national jurisdictions; (d) supervision of prison sentences, early release, pardon and commutation; (e) contempt or perjury proceedings; (f) prevention of double jeopardy in national courts; (g) witness protection; (h) issues relating to defence counsel and legal aid; (i) claims for compensation; (j) archives; (k) public information; and (l) human resources issues.

80. The Tribunal likewise identified certain strategies to tackle the above-mentioned legacy and residual issues. Those strategies were: (a) close partnership with the International Criminal Tribunal for the Former Yugoslavia; (b) sensitization of the Security Council; (c) restructuring of the Security Council's Informal Working Group on the Tribunals; (d) internal preparedness (establishment of a legacy committee); (e) ensuring the required international archival standard and obtaining resources for that purpose from Member States; (f) seeking external expertise and establishing an independent advisory committee on archives; and (g) engaging external stakeholders (consultations with various stakeholders in Rwanda, the Great Lakes region and the world as a whole).

Performance reports of the Chambers and the Registry

81. Timely and complete reporting is a tool to achieve increased transparency and accountability through better linkage of programme performance to the targeted outputs and to the budget.

82. Several outputs, both for the Chambers and the Registry, were programmed in the budget for the biennium 2006-2007 (A/60/265).

83. The Board noted, however, that it could not evaluate the actual performance of the Registry and the Chambers vis-à-vis their expected/targeted outputs for the

biennium 2006-2007 as performance reports for the last quarter of 2007 had yet to be prepared for the Registry. In the case of the Chambers, its accomplishments were submitted to the Board after the audit field work and therefore would be validated in the next audit. Nonetheless, the Board noted that the accomplishments pertaining to the courtroom and judicial activities of the Chambers were not quantified.

84. **The Board recommends that the Tribunal, specifically the Registry and the Chambers, prepare performance reports on time.**

Outputs of the Office of the Prosecutor

85. The objectives, expected accomplishments and indicators of accomplishment, as well as the actual accomplishments, of the Office of the Prosecutor for the biennium under review are summarized in table 4.

Table 4
Accomplishments of the Office of the Prosecutor as at 31 December 2007

Objectives	*Indicators of achievement*	*Percentage of accomplishment*
Effective management and implementation of the completion strategy	**Number of prosecutions:**	
	Target — 23 cases	
	Actual — 6 cases	**26**
Completion of new investigations	**Number of arrests:**	
	Target — 8	
	Actual — 4	**50**
Facilitation of appeals to successful conclusion	**Number of appeals concluded:**	
	Target — 17	
	Actual — 4	**24**
Transfer of dossiers to national jurisdictions	**Number of dossiers transferred:**	
	Target — 10	
	Actual — 0	**0**
Transfer of cases to national jurisdictions under rule 11 bis	**Number of cases transferred:**	
	Target — 5	
	Actual — 3	**60**

86. The significant variances between the targeted accomplishments and the actual accomplishments imply that either the constraints might not have been properly dealt with or that the targeted outputs might not have been realistic, given the external factors.

87. **The Board recommends that the Tribunal revisit its targets/objectives and its performance indicators, particularly for the Office of the Prosecutor, to ensure that any risks/constraints that might hinder the accomplishment of objectives can be properly addressed.**

12. Internal audit function

88. The Board evaluated the effectiveness of the internal audit function and noted that the planned audit activities for the biennium 2006-2007 had all been accomplished and all the pertinent reports finalized, except for one which was in the

process of finalization. The reports had been issued within a period of approximately two to five months from the last day of fieldwork.

89. Based on the manner in which the Office of Internal Oversight Services set out its objectives, approaches and methodologies, the Board was confident of the adequacy thereof. Thus, reliance was placed on its work.

13. Internal audit findings

90. The overall conclusion of the Office of Internal Oversight Services on the financial management of the Tribunal was that it was in compliance with the Financial Regulations and Rules of the United Nations.

91. In the audit of recruitment, the Office of Internal Oversight Services was concerned about the inconsistency at the Human Resource and Planning Section in the selection of candidates at the 15-, 30- and 60-day marks during and after the recruitment freeze, as that could have resulted in the exclusion of suitable candidates. In addition, new candidates were recruited even though reference checks had not been completed, and there was no follow-up mechanism to ensure that references were checked.

92. According to the Tribunal, it addressed the Office's concern by conducting training and by reviewing the practice for selecting candidates during and after the recruitment freeze. The Tribunal has also recruited an additional staff member, whose primary duties are to make reference checks on candidates under recruitment, as well as on those staff who did not go through the selection procedure.

93. With regard to property management, the Office of Internal Oversight Services noted that insufficient attention was devoted to ensuring the accuracy and completeness of data in the asset database and that internal controls needed to be strengthened especially in the area of accountability.

94. The Tribunal commented that it had implemented the recommendation of the Office of Internal Oversight Services by conducting an initial exercise to reconcile the last physical verification data with those in the assets database and by taking appropriate action in respect of discrepancies uncovered. It added that it had also scheduled a comprehensive physical verification of all Tribunal non-expendable equipment and attractive items issued to individuals and offices during the second half of 2008.

95. Insofar as the special operations cash fund is concerned, the Office of Internal Oversight Services observed that while the financial management of the cash fund had significantly improved following the recruitment of a financial reviewer, current guidelines needed to be updated to incorporate some of the best practices of the Tribunal's Kigali office.

96. The Tribunal informed the Board that the guidelines for the operation of the special operations cash fund were currently being revised to incorporate some of the best practices of the Kigali office.

97. Of the 54 total recommendations of the Office of Internal Oversight Services in the five areas audited, 37 (69 per cent) had been implemented, one (two per cent) had been partially implemented and 16 (29 per cent) had not yet been implemented.

98. **The Board considers that the findings of the Office of Internal Oversight Services highlighted significant deficiencies in the areas the Office audited and underscores the need for the Tribunal to address those deficiencies.**

14. Write-offs and disposals

99. The Tribunal informed the Board that, in accordance with financial rule 106.9, properties costing $223,278 had been written off during the biennium 2006-2007 owing to "shortfalls, accident, theft, damage or destruction". The Tribunal also reported, pursuant to financial rule 106.8 (a), that receivables in the amount of $48,678 had been approved for write-off, comprising $15,534 in receivables from separated staff members and $33,144 from parties other than staff members.

15. Ex gratia payments

100. As required by financial rule 105.12, the Tribunal advised that no ex gratia payments were made during the period under review.

16. Cases of fraud and presumptive fraud

101. As required under the Financial Regulations and Rules of the United Nations, the Tribunal reported to the Board one case of fraud and presumptive fraud. This involved the misuse of 18 fuel coupons that had been reported as missing, the value of which was $300.

102. The Tribunal informed the Board that it had already issued letters of reprimand to the two staff members involved in the case and, therefore, the case should be considered closed.

C. Acknowledgement

103. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its auditors by the President, the Prosecutor, the Registrar and the Chief of the Department of Administration and Support Services of the International Criminal Tribunal for Rwanda and the members of their staff.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
Chairman, United Nations Board of Auditors

(*Signed*) Reynaldo A. **Villar**
Chairman, Philippine Commission on Audit
(Lead auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa

30 June 2008

Annex

Status of implementation of the Board's recommendations for the biennium ended 31 December 2005

	Summary of recommendation	*Paragraph reference*[a]	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*
1.	Continue to follow up and clear all long-outstanding staff debts	26	2004-2005	x		
2.	Assess costs versus benefits of recovering long-outstanding amounts and take appropriate action in accordance with United Nations financial rule 106.8	29	2004-2005	x		
3.	Identify all possible constraints that may negatively affect the completion of the mandate by 2010 and implement an action plan to address them	41	2004-2005	x		
4.	Expedite preparation of the completion strategy for the Appeals Chamber	44	2002-2003	x		
5.	Continue efforts to verify the financial position of the accused	52	2000-2001	x		
6.	Evaluate effectiveness of the lump-sum system of legal aid regarding single-accused and multiple-accused cases	57	2000-2001		x	
7.	Continue to make progress in the implementation of results-based budgeting and the implementation of a more stringent central monitoring mechanism	67	2002-2003		x	
8.	Closely monitor all movements of assets and update the asset records	72	2004-2005	x		
9.	Expedite the asset write-off and disposal process	74	2004-2005	x		
10.	Evaluate the reasons for lengthy delays at various stages of the procurement cycle and take measures to shorten them to a reasonable duration	77	2002-2003	x		
11.	Comply with the Procurement Manual with regard to the principle of equality and fair treatment of all prospective vendors	82	2004-2005	x		
12.	Investigate contracts that may have been awarded to vendors who are not the lowest bidders	83	2004-2005	x		
13.	Request vendors to provide evidence of the insurance coverage taken out, upon the signing of the contract	87	2004-2005	x		

	Summary of recommendation	*Paragraph reference*[a]	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*
14.	Request from vendors with existing contracts proof of insurance coverage	88	2004-2005	x		
15.	Perform prospective vendor evaluations to ensure that registered vendors meet the applicable criteria	91	2004-2005		x	
16.	Obtain, evaluate and file all the required information for prospective vendors prior to registering them	92	2004-2005		x	
17.	Perform supplier evaluations prior to extending or renewing a contract with same vendor	95	2004-2005	x		
18.	Closely monitor ex post facto submissions and address the underlying causes of submissions that do not meet the definition of exigency	100	2004-2005	x		
19.	Expedite the introduction of consistent directives on procurement ethics, specifically declarations of independence for all staff involved in the procurement process	106	2004-2005	x		
20.	Require staff members associated with the procurement process to sign a declaration that they have read, fully understood and will abide by the contents of section 4 of the Procurement Manual	107	2004-2005	x		
21.	Formalize the agreement with the Tanzanian Police and Prison Services	109	2002-2003	x		
22.	Conduct reference checks on all new eligible candidates/recruits in accordance with agreed procedures and maintain accurate and complete records of such reference checks	112	2002-2003	x		
23.	Use general temporary assistance funds in accordance with the purposes for which they were intended	115	2002-2003		x	
24.	Identify jobs required for extended periods that are being funded from resources allocated for general temporary assistance and reclassify them accordingly	116	2004-2005		x	
25.	Continue efforts to reduce vacancy rates	119	2002-2003		x	
26.	Update on a regular basis the Field Personnel Management System (FPMS)	120	2004-2005		x	

	Summary of recommendation	*Paragraph reference*[a]	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*
27.	Update education grant information in the FPMS to ensure that it agrees with the information in the Sun system	125	2004-2005		x	
28.	Ensure that all the necessary supporting documentation is completed, attached and filed together for home leave claims	129	2004-2005	x		
29.	Complete all personnel evaluations in a timely manner in order to improve the effectiveness of the Performance Appraisal System	136	2004-2005			x
30.	Follow up regarding the availability of reporting tools within e-PAS	137	2004-2005		x	
31.	Institute stricter physical security controls on access to all significant and critical information and communication technology equipment	139	2004-2005	x		
32.	Improve the general environment of the server room in order to prevent, detect and report any dangers that may affect the continuous availability of critical data	142	2004-2005	x		
33.	Develop and approve a fraud-prevention strategy in coordination with the administrations of the United Nations and the other funds and programmes	157	2002-2003			x
	Total	**33**		**21**	**10**	**2**
	Percentage	**100**		**64**	**30**	**6**

[a] The paragraph numbers refer to relevant paragraphs in the report of the Board of Auditors for the biennium 2004-2005 (A/61/5/Add.11 and Corr.1).

Chapter III
Audit opinion

We have audited the accompanying financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, comprising statements numbered I to IV and the supporting notes for the biennium ended 31 December 2007. These financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Secretary-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Criminal Tribunal for Rwanda as at 31 December 2007 and the results of its operations and its cash flows for the period then ended, in accordance with the United Nations system accounting standards.

Furthermore, in our opinion, the transactions of the International Criminal Tribunal for Rwanda that have come to our notice or which we have tested as part of our audit have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

Without qualifying our opinion above, the Board draws attention to the Tribunal's reserves and fund balances, which showed a negative balance of $38.48 million. Considering the planned closure of the Tribunal in 2010, there is a need to identify the funding sources to be used in the payment of the separation benefits of employees.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the International Criminal Tribunal for Rwanda.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
Chairman of the United Nations Board of Auditors

(*Signed*) Reynaldo A. **Villar**
Chairman, Philippine Commission on Audit
(Lead auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa

30 June 2008

Chapter IV
Certification of the financial statements

1. The financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and December 1994 for the biennium ended 31 December 2007 have been prepared in accordance with financial rule 106.10.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification on the financial activities undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, numbered I to IV, are correct.

(*Signed*) Warren **Sach**
Assistant Secretary-General
Controller

28 March 2008

Chapter V

Financial statements for the biennium ended 31 December 2007

Statement I

International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2007

(thousands of United States dollars)

	Total 2007	Total 2005
Income		
Assessed contributions[b]	277 128	260 427
Interest income	2 919	945
Other/miscellaneous income	1 151	983
Total income	**281 198**	**262 355**
Expenditure		
Staff and other personnel costs	218 749	206 949
Travel	12 923	9 242
Contractual services	24 438	17 631
Operating expenses	12 767	12 409
Acquisitions	5 085	4 376
Other	2 471	1 927
Total expenditure	**276 433**	**252 534**
Excess (shortfall) of income over expenditure	**4 765**	**9 821**
Non-budgeted accrued expenses for end-of-service and post-retirement benefits[c]	(9 115)	—
Prior-period adjustments	(74)	—
Net excess (shortfall) of income over expenditure	**(4 424)**	**9 821**
Savings on or cancellation of prior-period obligations	3 923	5 574
Other adjustments to reserve and fund balances[d]	(55 989)	—
Reserves and fund balances, beginning of period	18 011	2 616
Reserves and fund balances, end of period	**(38 479)**	**18 011**

[a] See notes 2 and 3.

[b] In accordance with General Assembly resolutions 60/241 and 61/241, assessments for the International Tribunal are based in part on the scale of assessment applicable to the United Nations regular budget and in part on the scale of assessment applicable to peacekeeping operations.

[c] Represents net increase in accrued liabilities for after-service health insurance costs of $2,799,000, for unused vacation days of $626,492 and for repatriation benefits of $5,689,946. See note 6.

[d] Represents accrued liabilities for after-service health insurance of $24,694,000, for unused vacation days of $10,533,898 and for repatriation benefits of $7,867,684 as at 31 December 2005, and accrued liabilities for judges' pension benefits of $12,893,000 as at 31 December 2007. See note 6.

The accompanying notes are an integral part of the financial statements.

Statement II

International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994[a]

Statement of assets, liabilities, and reserves and fund balances as at 31 December 2007

(thousands of United States dollars)

	Total 2007	Total 2005
Assets		
Cash and term deposits	1 118	2 160
Cash pool[b]	19 202	10 622
Assessed contributions receivable from Member States[c]	15 013	11 367
Inter-fund balances receivable	2 293	2 382
Other accounts receivable	2 689	3 172
Deferred charges	1 342	5 487
Inter-office transactions pending processing	106	180
Total assets	**41 763**	**35 370**
Liabilities		
Contributions or payments received in advance	84	9
Unliquidated obligations — current period	13 483	11 759
Unliquidated obligations — future period	—	3 844
Other accounts payable	1 565	1 740
Inter-office transactions pending processing	6	7
End-of-service and post-retirement liabilities[d]	65 104	—
Total liabilities	**80 242**	**17 359**
Reserves and fund balances		
Cumulative surplus	(38 479)	18 011
Total reserves and fund balances	**(38 479)**	**18 011**
Total liabilities, and reserves and fund balances	**41 763**	**35 370**

[a] See notes 2 and 3.

[b] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $6,810,274, short-term investments of $3,823,027 (market value $3,825,004), long-term investments of $8,454,931 (market value $8,480,783) and accrued interest receivable of $113,648.

[c] Includes assessed contributions unpaid, irrespective of collectability.

[d] Represents accrued liabilities for after-service health insurance costs of $27,493,000, for unused vacation days of $11,160,390, for repatriation benefits of $13,557,630, and for judges' pension benefits of $12,893,000. See note 6.

The accompanying notes are an integral part of the financial statements.

Statement III

International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994[a]

Statement of cash flows for the biennium ended 31 December 2007

(thousands of United States dollars)

	Total 2007	Total 2005
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (statement I)	(4 424)	9 821
(Increase) decrease in contributions receivable	(3 646)	23 449
(Increase) decrease in inter-fund balances receivable	89	(234)
(Increase) decrease in other accounts receivable	483	1 014
(Increase) decrease in deferred charges	4 145	1 505
(Increase) decrease in other assets	74	395
Increase (decrease) in contributions or payments received in advance	75	(3)
Increase (decrease) in unliquidated obligations	(2 120)	(4 788)
Increase (decrease) in other accounts payable	(175)	264
Increase (decrease) in other liabilities	(1)	(28)
Increase (decrease) in end-of-service and post-retirement liabilities	65 104	—
Less: interest income	(2 919)	(945)
Net cash flows from operating activities	**56 685**	**30 450**
Cash flows from investing activities		
Increase (decrease) in loans payable	—	(28 000)
(Increase) decrease in cash pools	(8 580)	(9 344)
Plus: interest income	2 919	945
Net cash flows from investing activities	**(5 661)**	**(36 399)**
Cash flows from financing activities		
Savings on or cancellation of prior-period obligations	3 923	5 574
Other adjustments to reserves and fund balances	(55 989)	—
Net cash flows from financing activities	**(52 066)**	**5 574**
Net increase (decrease) in cash and term deposits	**(1 042)**	**(375)**
Cash and term deposits, beginning of period	2 160	2 535
Cash and term deposits, end of period[b]	**1 118**	**2 160**

[a] See notes 2 and 3.

[b] Cash and term deposits does not include cash and term deposits in the cash pool. Refer to footnote b in statement II.

The accompanying notes are an integral part of the financial statements.

Statement IV

International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Statement of appropriations for the biennium ended 31 December 2007

(thousands of United States dollars)

	Appropriations	Expenditure			
Programme of work	Approved[a]	Disbursements	Unliquidated obligations	Total expenditure	Balance
A. The Chambers	9 304	9 012	108	9 120	184
B. Office of the Prosecutor	58 790	57 131	997	58 128	662
C. Registry	189 020	173 554	12 378	185 932	3 088
D. Staff assessment	22 398	23 253	—	23 253	(855)
Total	279 512	262 950	13 483	276 433	3 079

[a] The appropriations for the biennium 2006-2007 were approved in General Assembly resolutions 60/241, 61/241 and 62/229.

Notes to the financial statements

Note 1
United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, were as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance and facilitate post-conflict peacebuilding, engaging in humanitarian activities to ensure the survival of groups deprived of basic necessities and overseeing the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the financial regulations and administrative instructions issued by the Under-Secretary-General for Management, or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination (CEB). The Organization follows International Accounting Standard 1, "Presentation of financial statements",

regarding the disclosure of accounting policies, as modified and adopted by CEB, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, the disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed, together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund-accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Financial statements reflect the activities of each fund or of a group of funds of the same nature.

(c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph (j) (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rate of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The cash flow summary statement is based on the indirect method of cash flows as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the High-Level Committee on Management.

(i) Separate financial statements are issued for the United Nations general and related funds, for the United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994) and for the peacekeeping accounts, which are reported separately on a fiscal-year basis covering the period from 1 July to 30 June.

(j) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations, the capital master plan, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, as well as the Working Capital Fund, are assessed on Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments on Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed on non-member States that agree to pay reimbursement of costs for their participation in the Organization's treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or are noted in the financial statements;

(v) Income received under inter-organization arrangements represents the allocation of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vi) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vii) Income for services rendered includes amounts charged for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(viii) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the cash pools. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(ix) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditure charged to prior periods, net gains resulting from currency translations, settlements of insurance claims, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed on non-member States as stated in paragraph (j) (iii) above, monies accepted for which no purpose was specified and other sundry income;

(x) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income, as referred to in paragraph (m) (iii) below.

(k) Expenditure:

(i) Expenditure is incurred against authorized appropriations or commitment authorities. Total expenditure reported includes unliquidated obligations and disbursements;

(ii) Expenditure incurred for non-expendable property is charged to the budget of the period when acquired and is not capitalized. The inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditure for future financial periods is not charged to the current financial period but is recorded as deferred charges, as referred to in item (l) (vi) below.

(l) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at the lower of cost or market value: long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The market value of investments is disclosed in the footnotes to the financial statements;

(iii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are similar in nature and are accounted for as set out in item (l) (ii) above. The share in the cash pools is reported separately in each participating fund's statement, and its composition and the market value of its investments are disclosed in a footnote to the statement;

(iv) Assessed contributions represent legal obligations of contributors, and therefore the balances of unpaid assessed contributions due from Member

States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(v) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(vi) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vii) For the purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(viii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements.

(m) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities and other income received but not yet earned;

(iv) The commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations relating to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds of a multi-year nature remain valid until the completion of the project;

(v) Accrued liabilities for end-of-service and post-retirement benefits, comprising those for after-service health insurance, unused vacation days and repatriation benefits, which were previously disclosed in the notes to the financial statements are, effective 1 January 2006, included as liabilities in the statement of assets, liabilities, and reserves and fund balances. The change in policy is made in order to recognize such liabilities when incurred and is in accordance with General Assembly resolution 60/255 with respect to recognition of after-service health insurance liabilities. In addition, effective 31 December 2007, accrued liabilities for judges' pensions are recorded as liabilities in the statement of assets, liabilities, and reserves and fund balances. See note 6;

(vi) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vii) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The United Nations Joint Staff Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the date of the current financial statement, the General Assembly had not invoked that provision.

Note 3
International Criminal Tribunal for Rwanda (statements I-IV)

(a) The International Criminal Tribunal for Rwanda was established by the Security Council in its resolution 955 (1994). The Tribunal consists of the following organs:

(i) The Chambers, comprising three Trial Chambers and an Appeals Chamber. The Trial Chambers are composed of nine permanent judges, no two of whom may be nationals of the same State, including a maximum of nine *ad litem* judges. The Appeals Chamber, which is composed of seven judges, services both the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia;

(ii) The Office of the Prosecutor, who is responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of Rwanda and Rwandan citizens responsible for such violations committed in the territory of neighbouring States between 1 January and 31 December 1994. The Prosecutor acts independently as a separate organ of the Tribunal;

(iii) A Registry, which services both the Chambers and the Prosecutor and is responsible for the administration and servicing of the Tribunal.

(b) The General Assembly, in its resolutions 60/241, 61/241 and 62/229, approved the budget appropriations for the biennium 2006-2007. Annual budget apportionments are funded by assessments on Member States, 50 per cent in accordance with the scale of assessment applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations. States and intergovernmental and non-governmental organizations also contribute funds, equipment and services to the Trust Fund to support the activities of the International Tribunal for Rwanda in carrying out its mandate. The financial statements for the Tribunal are prepared every 12 months, with a final accounting at the end of the biennium.

(c) Statement I reports income and expenditure and changes in the reserves and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure.

(d) Statement II shows assets, liabilities, and reserves and fund balances as at 31 December 2007. Excluded from the assets is the value of non-expendable property (see note 7).

(e) Statement III shows the cash flows for the period and is prepared using the indirect method of cash flows, as referred to in the United Nations system accounting standards.

(f) Statement IV reports on expenditure against the appropriation approved for the biennium.

Note 4
Status of appropriations

In accordance with General Assembly resolutions 60/241, 61/241 and 62/229, the appropriations and gross assessments for the biennium 2006-2007 are as follows:

Thousands of United States dollars

	2006	*2007*	*Total*
Initial budget appropriation (resolution 60/241)	134 879	134 879	269 758
Add: Appropriation under resolution 61/241	—	7 370	7 370
Appropriation under resolution 62/229	—	2 384	2 384
Revised appropriation (resolution 62/229)	134 879	144 633	279 512
Less: increase in appropriation for the biennium 2006-2007 to be assessed in 2008	—	(2 384)	(2 384)
Gross amounts assessed on Member States	**134 879**	**142 249**	**277 128**

Note 5
Assets, liabilities, and reserves and fund balances (statement II)

(a) The cash and term deposits figure represents the total cash balance (including funds held in local currency) at United Nations Headquarters and at the offices away from Headquarters.

(b) Assessed contributions unpaid:

(i) The assessed contributions receivable as at 31 December 2007 have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. On the basis of this policy, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) The details of assessed contributions receivable are shown in the report on the status of contributions as at 31 December 2007 (ST/ADM/SER.B/727, annex XXIII). The report shows total unpaid assessments of $15,011,676, compared to $15,013,496 in the assessed contributions receivable account in the financial statements. The difference is due to a peacekeeping credit of $1,816 that could not be applied and $4 relating to rounding variances. Amounts due from the former Yugoslavia, which ceased to be a Member State on 1 November 2000, are included in the assessed contributions receivable account in the financial statements and also in the status of contributions report. However, no action has been taken in the accounts as there is no specific General Assembly resolution on this matter. Of the total unpaid assessments, the amount of $2,241,093 is over one year old and $12,770,583 is less than one year old.

(c) Other accounts receivable. The following is the composition of the other accounts receivable as at 31 December 2007 compared with those as at 31 December 2005:

(Thousands of United States dollars)

	2007	*2005*[a]
Governments	121	228
Staff members	2 032	2 305
Vendors	77	137
United Nations entities	79	164
Others	380	338
Total	**2 689**	**3 172**

[a] Reclassified to conform to current presentation.

(d) Other accounts payable. The following is the composition of the other accounts payable balances as at 31 December 2007 compared with those as at 31 December 2005:

(Thousands of United States dollars)

	2007	*2005*[a]
Staff members	331	526
Vendors	29	162
United Nations entities	118	66
Others	108	104
Provision for repatriation grants	979	882
Total	**1 565**	**1 740**

[a] Reclassified to conform to current presentation.

Note 6
Accrued liabilities for end-of-service and post-retirement benefits

(a) Upon end of service, eligible staff members are entitled to after-service health insurance coverage and to be paid for any unused vacation days up to a maximum of 60 days and repatriation benefits based on the number of years of service. Effective 1 January 2006, all these three types of liabilities are recognized in the financial accounts. The liabilities have been recorded through an adjustment to reserves and fund balances, as shown in statement I. Previously, these liabilities were disclosed in the notes to the financial statements.

(b) In order to gain a better understanding of the financial dimensions of the Tribunal's liabilities for after-service health insurance, which is a defined benefit plan, a consulting actuary was engaged to carry out an actuarial valuation of after-service health insurance benefits. The major assumptions used by the actuary were a discount rate of 5.5 per cent; health care escalation rates of 9.5 per cent in 2008 grading down to 5.0 per cent in 2015 and later years for United States medical plans, and 5.7 per cent in 2008 grading down to 4.5 per cent in 2012 and later years for medical plans outside of the United States; and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation. On the basis of these assumptions, it is estimated that the Tribunal's liability as at 31 December 2007 for after-service health insurance benefits is as follows:

(Thousands of United States dollars)

After-service health insurance liabilities	*Present value of future benefits*	*Accrued liability*
Gross liability	40 441	38 183
Offset from retiree contributions	(11 325)	(10 690)
Net liability	**29 116**	**27 493**

(c) The figures shown above for the present value of future benefits are the discounted values of all benefits to be paid in future to all current retirees and active employees who would be eligible for after-service health insurance upon closure of the Tribunal. The accrued liability represents those portions of the present values of

benefits that have accrued from the staff members' dates of entry on duty until the valuation date. Active staff members' benefits are fully accrued on the date on which they become fully eligible for benefits.

(d) The Tribunal's total liability for unused vacation days and accrued repatriation benefits has been recorded as at 31 December 2007 and is estimated to be $11,160,000 and $13,558,000 respectively.

(e) Upon retirement, judges of the Tribunal are entitled to a pension, which, is not payable by the United Nations Joint Staff Pension Fund. In order to gain a better understanding of the financial dimensions of the Tribunal's liabilities for judges' pensions, a consulting actuary was engaged to carry out an actuarial valuation of the pension-related liabilities. The major assumptions used by the actuary were a discount rate of 5.0 per cent, standardized mortality tables and salary increases at an annual rate of 3.0 per cent. On the basis of these assumptions, it is estimated that the Tribunal's accrued liability as at 31 December 2007 for judges' pensions is $12,893,000. This liability has been recorded through an adjustment to reserves and fund balances, as shown in statement I.

Note 7
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is charged against the current allotment in the year of purchase. The Tribunal's non-expendable property, valued at historical cost, according to its cumulative inventory records was as follows:

(Thousands of United States dollars)

Balance, 1 January 2006	17 161
Acquisitions	3 858
Transfers to other offices/missions	(3)
Write-offs: accidents, thefts and damages	(223)
Write-offs: obsolescence and other	(933)
Adjustments[a]	309
Balance, 31 December 2007[b]	**20 169**

[a] Includes net adjustment arising from physical count and review of records.
[b] Includes $784,343 for non-expendable property approved for write-off but not yet disposed of and $1,133,659 for non-expendable property pending approval for write-off.

Note 8
Future operations

(a) In its resolution 1534 (2004), the Security Council emphasized the importance of fully implementing the completion strategies set out in its resolution 1503 (2003), in which it called on the Tribunal to take all possible measures to complete investigations by 2004, to complete all trial activities at the first instance by the end of 2008 and to complete all work in 2010, and urged the Tribunal to plan and act accordingly. The Tribunal is taking measures to expedite its work accordingly and provides periodic reports to the Council.

(b) The Tribunal's proposed budget for the biennium 2008-2009 (A/62/468) included proposals for funding the accrued liabilities for after-service health insurance and pensions of retired judges. However, the General Assembly, in its resolution 62/229, by endorsing the conclusions and recommendations contained in the report of ACABQ (A/62/578), decided to revert to the issue of the funding of: (a) after-service health insurance in the context of the overall review at its sixty-third session, and (b) pension-related liabilities of the Tribunal at its sixty-fourth session. A report on a comprehensive proposal on appropriate incentives to retain staff (A/62/681) has been submitted to and is currently under consideration by the General Assembly. Furthermore, the Tribunal is currently discussing the issue of residual functions with the working group of the Security Council with the aim of finalizing a proposal for consideration by the Security Council and the General Assembly.

Annex

Trust Fund to support the activities of the International Tribunal for Rwanda

Schedule of income, expenditure, reserves and fund balances for the biennium ended 31 December 2007

(Thousands of United States dollars)

	Reserves and fund balances beginning of period	*Income*	*Expenditure and other adjustments*	*Reserves and fund balances end of period*
Trust Fund to support the activities of the International Tribunal for Rwanda	1 943	1 463	1 977	1 429

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